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Report Highlights:

Cold Temperatures Raise Grape Grower Concerns * Canada Contributes C\$500,000 to Developing Countries * North Dakota State's Alsen Wheat OK for Milling until July 31 * Wheat Growers Finger CWB * Canola Council Aims for Stable Production of 7 MMT * Canada Amends "Procedures for the Registration of Crop Varieties in Canada * New Rootworm-Protected GE Corn Approved for Canadian Growers * U.S. Major Destination for Canadian Seafood Exports * Fisheries Minister Attends Bioterrorism Roundtable * Scientists Warn Snow Crab Could Be Depleted at Current Catch Rates

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

COLD TEMPERATURES RAISE GRAPE GROWER CONCERNS: Ontario's coldest winter in nearly a decade is causing concern among wine grape growers all across southern Ontario. According to *Global* and *canada.com* media reports, the cold winter is threatening to kill grape buds and could reduce the amount of higher quality table wines produced in Ontario this year. Frigid temperatures have reportedly hurt the buds of sensitive vinifera varieties such as merlot and cabernet sauvignon. "We're seeing some damage in the vineyards," said Pat Negri, winery production manager of Colio Estate Wines in Harrow. Negri said the vineyards have seen temperatures below -20 C this year. And last week, the mercury dipped to -25 C in Toronto, the coldest March day in much of Southern Ontario in more than a century. For the first time in many years, the entire surfaces of Lake Superior, Lake Huron and Lake Erie have frozen over, according to ice experts at Environment Canada. In Lake Michigan, the only Great Lake entirely in the United States, the northern third is covered with ice.

CANADA CONTRIBUTES C\$500,000 IN TRADE-RELATED ASSISTANCE TO DEVELOPING COUNTRIES: International Trade Minister Pierre Pettigrew announced on March 10 that Canada will provide C\$500,000 to help developing countries better participate in World Trade Organization (WTO) activities. The funding, for trade-related technical assistance and capacity building, will be administered through the WTO's Global Trust Fund. This funding supports specific commitments made to developing countries through the WTO's Doha Development Agenda. The funding will be distributed as follows: (1) \$100,000 for a March 10-13 regional seminar on dispute settlement procedures and practices for Latin America; (2) \$100,000 for a March 18-20 technical barriers to trade workshop on technical assistance for various developing countries; (3) \$150,000 for a March 16-29 regional seminar on customs valuation for French-speaking African countries; (4) \$100,000 for a March 24-26 regional seminar on sanitary and phyto-sanitary measures for Central American countries; and (5) \$50,000 for a March 31 - April 2 regional seminar on subsidy disciplines for Caribbean countries. This funding is in addition to C\$1 million Canada previously contributed to the WTO's Global Trust Fund, and C\$300,000 donated to the WTO's Training Institute.

CANOLA COUNCIL AIMS FOR STABLE PRODUCTION OF 7 MMT: Canada's canola production will need to become stable in order for the industry to expand said Canola Council of Canada (CCC) President Barbara Isman. Isman said that in order to achieve a stable production level, demand would have to be stronger and, to that end, the CCC is implementing a series of initiatives to increase export and domestic demand by 2007. On the export side, the CCC has identified additional markets to which Canadian canola could be sold and has initiated projects to

encourage the purchase and use of Canadian seed by those countries. The CCC has targeted the U.S., Mexico, Iran, Pakistan and China as potential core markets for the Canadian oilseed, in addition to Japan, which is Canada's biggest customer. As part of its new initiative, "Canola Advantage," the CCC is seeking to increase canola consumption in the U.S. by 1.5 million metric tonnes (MMT) per year to 2.5 MMT through the promotion of canola oil as a healthy and premium oil. For Mexico, the CCC is seeking to increase canola seed exports to 1 MMT and increase canola oil exports to the country by more than 100,000 (canola equivalent) tonnes by 2007. The CCC will be looking to maintain current canola seed exports to Japan in the 1.6-1.8 MMT range. For these objectives to be realized, Isman said that Canadian canola growers need to reach production of 7 million metric tonnes (MMT) annually, seeding over 15 million acres of canola, up from the current 11 million acres expected for 2003/04.

NORTH DAKOTA STATE'S ALSEN WHEAT NOT TO BE RENEWED: According to the March 7 edition of *Agriline*, registration for Alsen, the wheat variety with moderate resistance to fusarium, will not be renewed when it expires March 27. Concern about the falling number is the reason. The variety, developed by North Dakota State University, received a 1-year interim registration last year. Canterra Seeds, which markets Alsen, is considering an appeal.

ALSEN OK FOR MILLING UNTIL JULY 31: A March 12 *Farm Business Communications* article reported that the hard red spring wheat variety Alsen will continue to be eligible for the top 3 grades of Canada Western red Spring (CWRS) wheat only until July 31, 2003. The variety's interim registration expires March 27, but the Canadian Grain Commission (CGC) opted to extend its eligibility so farmers who seeded it last year can deliver their existing stocks without penalty. However, any Alsen grown this spring will be eligible for feed wheat grades only, effective August 1. Alsen was developed with resistance to fusarium head blight and had the same visual characteristics as other CWRS varieties. However, it didn't get past the Prairie Registration Recommending Committee's criteria based on "significant problems" with kernel hardness, starch damage, sprout resistance and flour color. The CGC says that once the deadline passes, it will monitor car lots and exports for the presence of Alsen and downgrade them if necessary.

WHEAT GROWERS FINGER CWB IN COUNTERVAIL DISPUTE: A March 11 *Farm Business Communications* article wrote that the Western Canadian Wheat Growers Association (WCWGA) is calling on the Canadian federal government to address what it calls the key issue underlying the current grain countervail/dumping dispute with the U.S., "namely Canada's continuing support for a single desk selling system." The WCWGA has sent a letter to the federal ministers responsible for agriculture, trade, and the Canadian Wheat Board (CWB) calling for the government to remove the CWB's monopoly powers and require it to evolve into a "commercial marketing agent relevant to farmers in the twenty-first century." The letter points out that the single desk concept cannot long survive in a global environment which increasingly relies on free market principles to govern world trade, and adds that the ongoing battle between those who want to keep the single desk and those who want change "is tearing the industry apart." The letter to the federal ministers is posted on the WCWGA's website at www.wcwga.ca.

WESTERN FARMERS LAMBASTE U.S. TARIFFS: The March 12 *Manitoba Cooperator* reported that Western Canadian farmers are unanimous in their contempt for U.S. tariffs against

Canadian wheat exports, but some felt the Canadian Wheat Board (CWB) should shoulder the blame. "We think that it should be up to the producers to determine how their marketing works and not the United States government," said Manitoba Keystone Agricultural Producers president Weldon Newton. The Western Canadian Wheat Growers Association (WCWGA) called the action "American trade harassment." "Canadian wheat farmers are being kicked by the U.S. while we're still reeling from the devastating effects of drought and low prices," WCWGA president Art Enns said in a statement. Enns, however, also complained that while the trade action was aimed at the wheat board, farmers were the ones to suffer. Enns said the federal government has a responsibility to pay the costs of fighting this trade action. The group even sent a letter to the federal ministers in charge of agriculture, trade and the wheat board, calling for the government to remove the wheat board's monopoly powers from legislation and force the single-desk seller to "evolve into a commercial marketing agent relevant to farmers in the 21st century." The Western Barley Growers Association had a similar message, saying the wheat board needs to accept responsibility for the tariffs. "Changes to the CWB which we have long demanded would have prevented this action, and farmers would not now be in a situation where access to an important market is at risk," WBGA president Douglas McBain said in a statement. Nevertheless, Enns added Canada should not change the way it markets its wheat and barley just because the U.S. demands it must. "We won't be bullied by the powerful farm lobby in the U.S.," he said.

CANADA AMENDS "PROCEDURES FOR THE REGISTRATION OF CROP VARIETIES IN CANADA": In a March 10 notification from the Canadian Food Inspection Agency (CFIA), the CFIA's Variety Registration Office has made several changes to the guidelines pertaining to variety naming. For the full text of the changes, visit the following CFIA website: <http://www.inspection.gc.ca/english/plaveg/variet/varnamguidee.shtml>

NEW ROOTWORM-PROTECTED GE CORN APPROVED FOR CANADIAN GROWERS: The Canadian Food Inspection Agency (CFIA) and Health Canada have granted regulatory approval for Monsanto's YieldGard(R) Rootworm(TM) corn in Canada. According to the Ontario Corn Producers' Association (OCPA), the approval of genetically engineered rootworm resistant corn hybrids for use in Canada will provide corn farmers with an additional management tool for environmentally safe pest control. Given the recent approval of the new hybrids for use by U.S. growers, Canada's regulatory acceptance also ensures that growers have competitive access to the technology where it is needed and prevents potential complications to the trans-boundary movement of grain in North America's free trade environment. "We are particularly pleased to see the regulatory agencies in Canada and the U.S. working closely together to provide near-simultaneous approval for the new trait in both jurisdictions," said Dale Mountjoy, OCPA Vice-President, Environment & Research. The new genetically engineered corn hybrids contain a protein from *Bacillus thuringiensis* (Bt), a common soil organism, which is toxic to corn rootworm larvae. In the 1980s, corn rootworm in Ontario resulted in millions of dollars lost each year in reduced crop yield and insecticide treatment costs. The Ontario Corn Producers' Association (OCPA), founded in 1983, is a non-profit association representing 21,000 Ontario corn producers.

U.S. MAJOR DESTINATION FOR CANADIAN SEAFOOD EXPORTS: Fisheries and Oceans announced preliminary international trade figures last week showing that Canada's

exports of fish and seafood products reached a record C\$4.7 billion in 2002, up more than 10% from C\$4.2 billion in 2001. According to the federal department, Canada is the fifth largest exporter of fish and seafood products in the world, with exports to more than 110 countries. The value of exports to the United States, the largest market, rose to C\$3.3 billion from C\$3.1 billion the previous year. The United States is the destination of 70% of Canadian fish and seafood exports.

FISHERIES MINISTER ATTENDS BIOTERRORISM ROUNDTABLE: The Honorable Robert G. Thibault, Canada's Fisheries minister attended the International Boston Seafood Show this week. While in Boston, Mr. Thibault is participated in a roundtable that was to include a discussion on the United States' Bioterrorism Act and its potential impact on Canada's fish and seafood exports. According to Thibault, the Government of Canada and its seafood industry are working together to ensure that the U.S. Food and Drug Agency is fully aware of the impact these regulations could have on Canadian seafood exports to the United States. At an outreach seminar in Ottawa in February co-sponsored by the Office of Agricultural Affairs, Canadian seafood representatives were among the most vocal with their concerns about the FDA's pre-notification provisions for food shipments under the Bioterrorism Act.

SCIENTISTS WARN SNOW CRAB COULD BE DEPLETED AT CURRENT CATCH RATES: According to a report in the *Globe and Mail*, the lucrative snow crab fisheries on Canada's East Coast could be depleted unless catches in the Gulf of St. Lawrence are reduced this year. The paper says that since the demise of Canada's cod stock in the early 1990s, hundreds of fishermen from Quebec and the three Maritime provinces have harvested snow crabs worth more than C\$200-million. Landings of the succulent shellfish have nearly doubled over the past five years to about 21,869 metric tons. Federal scientists said that though the short-term outlook for the shellfish is good, aggressive fishing is killing too many females and the size of the crabs is declining. An unidentified scientific survey released this week reportedly calls for catches to be reduced to 20,000 metric tons.

Did You Know ...that Canada is the number one market for products and services for 37 of the 50 U.S. states?

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